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C O N F I D E N T I A L SECTION 01 OF 07 NEW DELHI 000396

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SUBJECT: THE UTTAR PRADESH GOVERNMENT TEETERS ON THE EDGE  
OF DISASTER, WITH NATIONAL IMPLICATIONS

REF: NEW DELHI 346

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Classified By: Political Counselor Ted Osius for reasons 1.4 (B,D)

¶1. (C) Summary: A long series of missteps by the ruling Samajwadi Party (SP) in Uttar Pradesh (UP), has convinced most observers that its days are numbered and its ouster from power seemingly inevitable. Congress and an important regional party have withdrawn support from the SP government, reducing its majority to as little as 12 seats in a house of ¶403. These UP political developments have a serious impact on national politics. The SP is now likely to retaliate against Congress by withdrawing support from the UPA government, increasing the influence of the Communists and their regional party allies over India's economic and foreign policy. The SP currently faces what most expect to be an adverse Supreme Court (SC) ruling that might bring down its government, a possible dismissal by the governor and imposition of President's Rule, and the loss of a vote of confidence. Polling data and our interlocutors predict that no party is likely to win a clear majority in the election, expected in April. However, the BSP of Dalit leader Mayawati is favored to win sufficient support from other parties to form the next UP government. Congress, with only 15 MLAs, is the least powerful of UP's major parties. Although it could expand to as many as 50 in the upcoming election, Congress can gain access to power in UP only as a junior partner in a

BSP government. Such a post-election alliance would likely be short-lived. Congress has been out of government in UP since 1989, and must reclaim the state if it hopes to establish a stable, long-lasting government in New Delhi. While it may be resigned to a junior partner role in an impending BSP government, Congress expects Mayawati to again fail to tackle the state's pressing problems and the arrangement to collapse. Such a development could finally convince UP's voters to abandon corrupt and shortsighted regional parties and turn to a revived Congress to bring stability and good governance to a long-suffering state starved of both. End Summary.

Bellwether Project: Uttar Pradesh  
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¶2. (SBU) New Delhi's POL and ECON sections, along with the Consulates, will continue to take the economic and political temperature of key states over the next year. Such snapshots will give us a better sense of how local trends affect national politics, and ultimately, US foreign policy goals. Uttar Pradesh (UP), one of the "bellwether" states, is facing a state election in mid-2007. PolCouns and Poloff traveled to the state capital of Lucknow January 18-19 and met with political leaders from the four major players in the state (Congress, BJP, BSP and the ruling Samajwadi Party (SP)), as well as journalists and academics who closely follow state politics. We hope these reports will give Washington readers better insight into the vast India outside Delhi's Ring Road and the economic, security and social trends that will determine where India is headed over the long run.

Teetering on the Brink  
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¶3. (SBU) While political observers agree that the SP government of Chief Minister Mulayam Singh Yadav is shaky, it continues to hang on. The SP government is facing onslaughts from all directions, with new negative developments on an almost daily basis.

--On January 9, four ministers belonging to the small (but influential) regional party the Rashtriya Lok Dal (RLD) resigned. The RLD subsequently withdrew from the government entirely, taking 15 MLAs out of the SP coalition.

--Two years ago, Mulayam engineered the defection of 33 MLAs from the rival BSP and they provide his government with its majority. The Supreme Court is set to rule on whether these defections were legal. Its judgment, delayed by SP legal maneuvers, could come out in the next several weeks. Should the SC disqualify the defectors, the UP government would fall.

--The media presented Mulayam with an unwanted New Year's present when it highlighted the sensational rape and murder of up to 37 children in the UP city of Noida. Attention quickly turned to the criminally ineffectual UP police, who allowed the killings to continue for two years without taking action. In addition, Mulayam's brother (himself a minister in the state cabinet) dismissed the case as being "of no consequence." The opposition has had a field day, accusing the UP government of heartlessness and criminal negligence and increasing its calls for the imposition of President's rule.

Matters Come to a Head  
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¶4. (U) On January 17, UP Congress President Salman Khursheed announced that his party (which had been supporting the SP government from "outside") was withdrawing its 15 MLAs. Stating that Congress had reluctantly supported the SP "to keep communal forces at bay," Khursheed maintained that "the

state government has joined hands with the communal forces, leaving us with no choice but to withdraw our support." Khursheed also condemned the SP for its failure to maintain law and order, stating that "there is no rule of law worth the name in the state." The official strength of the UP Legislative Assembly is 403. However, deaths and disqualifications (mostly due to corruption charges) have reduced its numbers to 392. The withdrawal of the RLD and Congress leaves the SP coalition with only 209 seats. It needs 197 to maintain a majority.

15. (U) On January 18, Mulayam called the Legislative Assembly into session to hear the annual address of UP Governor TV Rajeswar (a staunch Congress supporter). The governor traditionally reads an address drafted by the ruling party, but Rajeswar signaled his displeasure by reading only two sentences of greeting and leaving the Assembly. The opposition was outraged at the tone of the SP-drafted speech, which lauded the government for maintaining law and order and developing communal harmony and brotherhood, and praised its efforts to "mitigate the suffering" of the families of the

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children murdered in Noida. During the governor's address, MLAs from Congress, the BJP, BSP and RLD shouted slogans demanding the immediate dismissal of the SP government and the imposition of President's Rule. When the Speaker, Mata Prasad Pandey from the SP, attempted to read the speech, opposition MLAs tore up copies and walked out. Mulayam has called the UP Assembly into another session on January 24, at which he will call for a vote of confidence. In the days following the speech, Mulayam announced that three MLAs from the BSP had switched to the SP, and hinted that at least two RLD MLAs would soon do likewise.

Too Close to Call

16. (C) On January 24, the Hindustan Times/CNN/IBN group released the results of a poll it conducted January 9-14 of 15,373 randomly-selected respondents in 970 villages and urban areas throughout India. It projects that if the UP election were held today, the SP and BSP would be in a dead heat with 25 percent of the votes each. The remainder of the votes would be spread between the BJP (16 percent), Congress (12 percent) and "others" (22 percent). While the Hindustan Times claims the election is too close to call, our Lucknow interlocutors said that with all parties arrayed against the SP, it would be easy for the BSP to patch together a coalition that would guarantee a majority and allow it to form the government. A dead heat between the SP and BSP would be good news for Congress and the BJP. Both parties would be potential coalition partners for the BSP and could ask a heavy price in ministerial portfolios for joining the government. If Congress joined the government, the BJP would likely support it "from outside," and vice versa.

Only a Matter of Time

17. (C) In their conversations with PolCouns and Poloff, journalists from English and Urdu language newspapers agreed that Mulayam's downfall had become all but inevitable. As a mark of the SP's desperation, several claimed that party fixer Amar Singh had paid 50 million rupees (USD 1.1 million) in bribes to delay the SC judgment for one month and was prepared to "spend any amount" to keep the SP in power. Their sources claim that despite the SP largesse, the SC will disqualify the defectors and bring down the SP government, as Amar Singh cannot delay the announcement indefinitely. The journalists also maintained that growing numbers of MLAs in the SP coalition have determined that Mulayam will not survive and are planning to desert. Several have purportedly let it be known that they are willing to switch to other parties "for the right price." The journalists also predicted that the SP will withdraw the support of its 38 MPs

from the UPA in New Delhi in retaliation for the Congress withdrawal of support in Lucknow.

18. (C) The journalists pointed out that Mulayam does not want his government dismissed before the election, as he is determined to use his control of government machinery to influence the outcome, and he fears that a free and fair contest will result in his defeat. His immediate challenge

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is to "buy" MLAs from other parties to shore up his shaky majority and win the January 25 confidence vote. He must then face the prospect of an adverse SC ruling. Should his government survive the SC ruling, Mulayam's biggest hurdle would then be to win a majority of seats in the election. Several journalists were adamant that victory is beyond his reach even if he retains control of the government.

19. (C) The politics watchers speculated that Congress will likely gain from the downturn in SP fortunes and could increase its seats from the current 15 to as many as 50. They anticipated that Congress could form its own coalition with the RLD and the Jan Morcha (JM) of former Prime Minister VP Singh. RLD Chief Ajit Singh is the leader of the Jat caste which has strong political sway in West UP, and such an arrangement would make significant inroads into formerly solid SP strongholds there. They also predicted that the BSP of former Chief Minister Mayawati would gain the most seats, but would not be able to form the government on its own and would form a ruling coalition with Congress, the RLD, the Jan Morcha and other smaller parties. In their estimate, the Jan Morcha would not win more than a few seats, but could cost the SP up to 40 seats in close contests.

Poised on the Verge of Power?

10. (C) On January 17, UP Congress President Salman Khursheed and Vice President Ashok Vajpayee confirmed that the Congress Party would prefer not to dismiss the Mulayam government and declare President's Rule. They claimed that Congress did not want to unduly antagonize the Left Front (LF), which is opposed to dismissal. Khursheed also predicted that Mulayam would engineer a successful vote of Confidence on January 25, as he was determined to maintain "tight control" of the Assembly and was "willing to pay any price." While the people of UP are fed up with Mulayam and definitely "want a change," they are not yet convinced that any of the opposition parties will provide a better alternative. Khursheed maintained that it would be better for Congress if Mulayam is not in office during the election. He expected Congress to win at least 45 seats in the upcoming election, but opined that it could go as high as 60 if Mulayam is not Chief Minister.

11. (C) Describing Mulayam as "primitive," Khursheed maintained that the Chief Minister "lives in his own world," and seems oblivious of his own impending downfall. Intoning that Congress was "taking it step by step," Khursheed was convinced that Mulayam is in serious political trouble and will suffer severe losses in the elections. The seats lost by the SP will be distributed among the BSP, BJP and Congress. He predicted that no party will win a clear majority, and that a new coalition government will only emerge after a protracted period of post-election "horse trading." Seeming to concede that the BSP will emerge from the contest as UP's largest party, Khursheed lamented that the critical Dalit votebank had left Congress because the BSP's Mayawati had "made them a better offer." Khursheed did not rule out forming a coalition government with the BSP.

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Implications at the Center

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¶12. (C) Khursheed confirmed that events in UP would have ramifications in New Delhi, as the SP would withdraw its support (and 38 MPs) from the UPA. Congress has already prepared for this outcome, however, and negotiated a deal with the BSP, which plans to extend support to the UPA. Its 19 MPs will partially offset the loss of the SP's 38 and ensure that the UPA maintains a grip on power. Khursheed also confirmed that the RLD and Congress have concluded a formal alliance and will contest together in West UP, where both parties expect to make significant gains at the expense of the SP. Khursheed was adamant that the notoriously unreliable RLD must recognize that it is the junior partner in the new political grouping and takes its marching orders from Congress. Khursheed indicated that now that Congress and the SP have openly split, the Congress leadership has decided to work with the UP opposition to knock out Mulayam this year. Otherwise, should he win the UP election and stay in power, he will try to undermine and possibly bring down the UPA government by plotting with other parties opposed to Congress.

#### Walking the Decks of the Titanic

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¶13. (C) Brahma Shankar Tiwari, is an independent MLA supporting the SP government. As a reward, the SP made him a Minister. In a January 17 meeting, his support for the SP appeared lukewarm at best. He was quick to point out that he is an independent (formerly a member of the BJP), who brought eight MLAs into the government. Despite this, he concluded that the SP will not survive more than another eight to 10 years, saying "there is no future for regional parties in UP." He predicted that the future belonged to the BJP and Congress who would eventually supplant the regional parties. Regional parties are "too narrowly focused" he pointed out, and only parties with "national concerns" will survive. UP Speaker Mata Prasad Pandey, Mulayam's right hand man, is noted for shoring up support in the stormy Legislative Assembly. After emerging from a session in which he was shouted down by the opposition, Pandey refused to discuss his party's political fortunes with us.

#### Wandering in the Hindutva Wilderness

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¶14. (C) Kesri Nath Tripathi, the President of the BJP in UP, confirmed that his party will go it alone in the upcoming election, seeking support only from "NLD partners" and not allying with the SP or BSP. He joined the consensus that the SP would lose power, and insisted (rather disingenuously) that the BJP would win the upcoming election and form the next government, although it would not enter into pre-election agreements with any other party. Tripathi was confident that the BSP and Congress would only "gain slightly," with the lion's share of SP seats going to the BJP. Despite the evidence pointing to Hindutva's declining appeal, Tripathi enthusiastically endorsed the party's continued adherence to Hindu nationalism, stating that it

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"reflected the popular will" in UP. He insisted that the BJP's reputation for honesty and good governance would win it huge support at the polls.

#### BSP Ready to Take Over

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¶15. (C) Exuding confidence, BSP political manipulator Satish Mishra refused to acknowledge any possibility that his party would not form the next government. When it assumes power, the BSP (with a straight face) plans to "create a different kind of UP." Acknowledging that the BSP will inherit an empty treasury, Mishra insisted that its principal objective will be "to develop the state using its own resources," with



the top priorities to establish law and order, and provide power to all the state's citizens and industries. The BSP development model will be rural centric, based on a village-based administration. Civil servants in charge of development programs will be compelled to reside in the villages, forcing them to insist on development. Mayawati will bring good governance to UP by restoring discipline in the police and civil service and tackling widespread corruption.

¶16. (C) According to Mishra, the BSP has done the math and is confident of winning up to 250 seats on its own. He claimed that his own political groundwork with his fellow Brahmins throughout the state has convinced 10 percent of this influential caste to align with the BSP. This realignment will purportedly ensure that the BSP wins all 89 seats reserved for Dalits. In addition, the BSP will gain 100 seats that it lost last time by very small margins, providing the party with a comfortable margin, Mishra insisted.

¶17. (C) Deriding Congress as a "stagnant party," Mishra predicted that it will not win more than 30 seats, while the SP will be reduced to below 50. Claiming that Congress was "desperate to join the BSP government," Mishra maintained that BSP was not interested in forming a coalition, as it did not want to play second fiddle to Congress. Mishra pointed out that his party has national ambitions and is gaining a presence in many states outside UP and would someday pose a serious challenge to Congress in New Delhi. He did confirm, however, that BSP will throw its support behind the UPA government in Delhi to make up for the impending departure of the SP.

Comment - Something's Got to Give  
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¶18. (C) Ordinarily, a state contest would not attract so much attention from India's national parties. However, the UP contest is different, because the outcome will have national repercussions that could effect stability in New Delhi. For example, the SP's withdrawal of support from the UPA will reduce its ruling margin and make it even more dependent on the Left, which will have a more powerful influence than ever over UPA economic and foreign policies. In addition, new attention will be cast on MK Karunanidhi, who as Chief of the regional DMK, the ruling party in Tamil

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Nadu, has long entertained ambitions of playing a role in national politics. Speculation is now bound to increase that Karunanidhi and the Communists are forging ties that could eventually emerge into the long-rumored "third front" that could supplant Congress and the BJP and provide the Communists with entree into the government. It is already evident that Congress wants to head off speculation that events in UP have made its UPA government shaky by coming to an alignment with the BSP both in New Delhi and in Lucknow.

¶19. (C) Most agree that the most likely outcome of this election will be Mayawati's return to power in Lucknow, where she would be serving for the fourth time as Chief Minister. Congress has been out of power in the state since 1989, and its leadership is eager to gain access to the state ministries and the patronage they provide. Despite Satish Mishra's statements regarding the dawn of a new age in UP, no one seriously believes that the uneducated, corrupt, and unreliable Mayawati will provide the good governance that UP so sorely needs. Her previous stints in power have been a disaster for the state. Although Congress is fully aware of Mayawati's shortcomings, it may have to hold its nose and enter her government for the short-term benefits she can provide. Over the longer term, Congress is hoping that Mayawati will fall flat, convincing UP voters once and for all that regional parties are not the answer. Only then can Congress hope to recoup its losses and win enough MLAs to

form its own government in UP. Such an outcome would provide the basis for a Congress-dominated government in New Delhi that could rule without Communist support, clearing the way for economic reform at a faster pace. We can only hope.....

¶20. (U) Visit New Delhi's Classified Website:  
(<http://www.state.sgov.gov/p/sa/newdelhi/>)  
MULFORD